

INFORMATION REPORT

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1. The Five Year Plan is crumbling in the most unexpected manner. The Yugoslav press and numerous speeches made daily seek to give the impression that all obstacles have been overcome and the yearly goals surpassed in all fields. Actually, the successful completion of the Plan is far from attainment.
2. Boris Kidric, who daily loses more and more prestige, and the Yugoslav Government have stopped at nothing to save the situation. Kidric would like to get 100 engineers, 40 surveyors, 75 architects, 80 chemists and approximately 400 specialized workers. Since these men would want to be paid in dollars, the Government is opposed to the project and would like to employ native graduates from specialist schools throughout the country. The Government also hopes to obtain specialists, either from the United States or England, who would be assigned to Yugoslavia on a mission by their respective governments and, consequently, would not be a financial burden.
3. Loans are being sought from foreign countries, especially the United States, England and the Scandinavian countries. Belgrade is certain that the United States or England will supply the necessary funds. Switzerland, on the other hand, already has promised to provide Decauville precision instruments, locomotives, and medicine of the Gayer, La Roche and CIBA brands. At the same time, financial terms are being sought with the private Vontobel Bank in Zurich for with which to pay for the Swiss orders.
4. An engineer employed in the construction of the new federal hydro-electric station in Macedonia stated that with the exception of non-specialized workers, everything is missing. There are no funds to purchase machines and parts abroad, no specialized technicians nor precision instruments, and the Soviet and Czech engineers still have not been replaced. He believes that Belgrade will acquire loans but will have a serious problem in getting the technicians.
5. The engineer further stated that 35% of the work thus far completed is of such low standard and composition as to be highly problematical. Railroad beds and roads, built in haste in order to point to vaunted accomplishments, are weakening under the strain of traffic. Some have been closed as insecure and dangerous. Machinery parts made in Yugoslavia factories often must be melted down because they are either too soft or too hard. Recently constructed buildings have sunk at the foundation and, because they are built with unseasoned

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CENTRAL INTELLIGENCE AGENCY

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material and scrap iron, they often cave in under the weight of the walls and are declared inadequate for occupancy. Offices and factories are staffed with people who have no professional know-how, although they are very diligent. After a few months, many offices and factories have had to close down because of faulty machinery and the poor quality of the merchandise produced. The official reason given in these cases is a lack of raw materials.

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6. In 1949, [REDACTED] there were 16 cases of sabotage in factories engaged in the Plan. This does not include the daily count of sabotage and the passive resistance which is observed. The workers, by blaming the absence of basic necessities, are always excused and the case against them is dropped. The surveillance is extensive, but it is done by people who have little practical knowledge of the shops and consequently say little because of their incompetence.
7. Kidric is assisted by a large, well-paid staff, apparently obsessed by statistics, which they publish for Government and public consumption every three months. Some of the statistics are sheer fantasy, and others correspond only in part to actual Plan attainment. Another obsession is the annual average, which is improved upon each year by the end of the tenth or eleventh month.
8. Kidric recently elaborated on the fundamentals of the Plan and, in veiled language, complained of the misgivings. He openly admitted that "The Soviet and Satellite obstinate policy had deprived the Plan of certain sources of supply and the technical assistance which would have permitted the greatest labor and reconstruction effort that Yugoslavia had ever seen". In spite of the Cominform boycott, he stated, Yugoslavia would complete the Five Year Plan on time. He deplored the quality of the products, requesting that more technical attention and less haste be shown in employing personnel. He gave assurance that Western help was a certainty, and that the administrative section would be streamlined.
9. Kidric is well aware that Cominform propaganda strikes at the very existence of the Plan and is trying to defeat it. In almost every section special secret Cominform cells are working under a directing body which the UDB cannot discover. A few cells, especially after having engaged in clandestine action, have been exposed and destroyed, but many are so well placed that it would be impossible to destroy them all. The leaders of Cominform cells are usually intellectuals (engineers, mathematicians, architects, foremen, specialized workers, etc.) who can damage the overall effort to complete the Plan without running any personal risk.

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